



**Testimony of Jeff Gentes**  
**In Support of H.B. 5567 and Senate Bills 404, 408, 409, 410, and 411**  
**Against S.B. 403**

Senator Winfield, Representative Lesser, and other members of the Committee: thank you for giving me the opportunity to speak today. My name is Jeff Gentes. I manage the fair lending and foreclosure prevention work at the Connecticut Fair Housing Center<sup>1</sup> and co-supervise the Mortgage Foreclosure Litigation Clinic at Yale Law School. I'm here to discuss several bills.

**SUPPORT**

**H.B. 5567** – This bill builds on the best feature of 2014's "Foreclosure By Market Sale" – the ability to deal with underwater junior liens who use technicalities to extort concessions and waste time of the parties with a real interest in the property – and adopts it to help more homeowners, lenders, and realtors close short sales, homeowners and lenders complete deeds-in-lieu of foreclosures, and homeowners and lenders modify loans, all on underwater properties. We support this strongly, albeit with the caveats detailed in Ms. Hilfinger-Pardo's testimony.

**S.B. 404** – This bill represents common-sense regulation of mortgage servicers who benefit imposing escrow accounts on their customers. Any servicer that's doing its job is already doing what this bill would require, and so the impact on the industry should be minimal.

**S.B. 408** – We strongly support section two because it would discourage sketchy debt buyers from purchasing tax liens and foreclosing on homeowners. We also believe section one could encourage towns to pursue repayment plans with homeowners before their debt grows too large, and before a costly foreclosure begins. Even though the interest rate would drop from the excessive 18 percent to 12 after a foreclosure began, 12% is still well above the market rate, and so municipalities continue to be protected. The only difference is that, with fewer foreclosures, the marshals and lawyers who handle tax sales and foreclosures might do less business.

**S.B. 409** – We strongly support this bill; like S.B. 408, it offers a way to discourage sketchy debt buyers from profiting handsomely by foreclosing on your constituents. The bill could be better were the EMAP sections expanded to allow EMAP to reach (1) seniors with reverse mortgages and (2) homeowners who had previously gone through bankruptcy but now are good credit risks.

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<sup>1</sup> The Connecticut Fair Housing Center is the only statewide nonprofit that represents homeowners facing foreclosure. We have reached constituents in at least 167 towns since 2010. We provided individualized advice, representation, and/or in-person education to more than 1,500 homeowners facing foreclosure in 2015 alone.

**S.B. 410** – The “good standing” certificate is unnecessary, and so we support this bill. Homeowners facing problems with their creditors can pursue relief under the federal Fair Credit Reporting Act, an Act far more robust and useful than what any certificate can provide.

**S.B. 411** – We support any proposal that would help ameliorate the huge racial wealth gap and related fallout from years of redlining, reverse redlining, and the abuses in subprime lending from last decade. Helping public housing residents build their credit profile so that they can join the ranks of homeowners when they’re ready, willing, and able – and join sooner than they otherwise would – makes a lot of sense. We support this bill.

#### **OPPOSE**

**S.B. 403** – There is utterly no reason for commercial foreclosures to be handled outside of court. The existence of a court process encourages win-win workouts, and homeowners sometimes put their homes in the names of their businesses so that they can risk everything to start businesses and create jobs in the state. This bill threatens everyone who benefits from the current system: investors in commercial mortgages, small businesspeople, job creators, and the state as a whole. We also believe this bill would set a bad precedent and negatively affect the residential mortgage market without providing any real benefit to consumers.

Thank you again for this opportunity to testify.